

July 31, 2008

TO: Independent Auditors, State Agencies, and Other Users of the Compliance Supplement for Audits of Montana Local Government Entities

FROM: Audit Review Section, Local Government Services Bureau

RE: Additions/Revisions to the Compliance Supplement for Audits of Montana Local Government Entities

**NUMBER 10 JULY 2008**

Following is a schedule of revisions to the Compliance Supplement for Audits of Montana Local Government Entities (*Supplement*). Many of these revisions reflect changes made by the Montana Legislature during the 2007 regular and special sessions, and are highlighted in grey to assist you in updating your audit compliance programs. In addition, we have added some information in response to questions or comments from auditors and/or local governments, although the additions may not represent new legislation. We have also made minor style changes that should not affect your audit programs. To further assist you, we have indicated, in the “Description of Changes” column in the table below, those pages that have revisions.

The *Supplement* can be found on our website at <http://doaforms.mt.gov/doaforms.asp?Path=/doaforms/LocalGovernmentForms/AuditReviewProgram&base=/doaforms>

We no longer provide printed updates for the *Supplement*. If you choose to maintain your hard copy of the *Supplement*, you will need to print revised sections of the *Supplement* from our web site and update the manual as directed in the enclosed revision schedule.

**ATTENTION!!** Updated sections of the *Supplement* for Counties and Cities/Towns were posted to our website in April, and we have just recently posted the School District sections of the *Supplement* to the website. If any of you already printed portions of the supplement for Counties and Cities/Towns, please be aware that we recently revised information related to PERS and TRS rates. See CNTY-7 (pages 4 & 6) and C/T-7 (pages 4 & 6) for updated information.

The contact names and telephone numbers listed in the State Agency sections of the *Supplement* should be accurate. If a change in staffing occurs, a call to the listed telephone number will usually allow you to reach the replacement individual or at least an individual who can properly direct your call. If you are unable to reach a current program manager, please call our office and we will assist you.

If you have any questions or comments regarding the *Supplement*, please contact our office at any time.

PREVIOUS REVISION	CURRENT REVISION	DESCRIPTION OF CHANGES
<b>Table of Contents</b> Pages: 1 to 3 Revision Date of 6/30/2006	<b>Table of Contents</b> Pages: 1 to 3 Revision Date of 6/30/2008	Page 2: ADM1 Revised – Deleted 9-1-1 Emergency Number; Replaced w/ Forest Reserve; AUD-2 Deleted
<b>COUNTY (CNTY)</b>		
<b>CNTY-1 – General Topics</b> Pages: 1 to 12 Revision Date of 6/30/2006	<b>CNTY-1 – General Topics</b> Pages: 1 to 12 Revision Date of 4/30/2008	Expanded discussion re. to General/Self-Governing Powers - pg 1; Legislative Change – pg. 3; Added Section - Accounting Methods (not new) – pg 8
<b>CNTY-2 - Budgets</b> Pages: 1 to 43 Revision Date of 6/30/2006	<b>CNTY-2 - Budgets</b> Pages: 1 to 38 Revision Date of 4/30/2008	Legislative Changes – pgs. 6, 8, 23, 25 & 28 Moved Section – Cash Transfers - to CNTY-4 Added FY2008 & FY2009 tax revenue/mill levy limitation worksheets
<b>CNTY-3 – Revenues/ Receipts</b> Pages: 1 to 59 Revision Date of 6/30/2006	<b>CNTY-3 – Revenues/ Receipts</b> Pages: 1 to 52 Revision Date of 4/30/2008	Legislative Changes – pgs. 7, 8, 9, 11, 14, 18, 22, 24, 28, 31, 33, 36, 39 & 46; Added Section - Juvenile Placement – pg. 32
<b>CNTY-4 – Cash &amp; Investments</b> Pages: 1 to 11 Revision Date of 6/30/2006	<b>CNTY-4 – Cash &amp; Investments</b> Pages: 1 to 11 Revision Date of 4/30/2008	No Changes
<b>CNTY-5 – Claims &amp; Warrants</b> Pages: 1 to 7 Revision Date of 6/30/2006	<b>CNTY-5 – Claims &amp; Warrants</b> Pages: 1 to 7 Revision Date of 4/30/2008	Legislative Change – pg. 7
<b>CNTY-6 – Procurement, Bid Letting &amp; Contracts</b> Pages: 1 to 16 Revision Date of 6/30/2006	<b>CNTY-6 – Procurement, Bid Letting &amp; Contracts</b> Pages: 1 to 15 Revision Date of 4/30/2008	Legislative Change – pg. 8; Moved Section – Contract Limits – to CNTY-8

PREVIOUS REVISION	CURRENT REVISION	DESCRIPTION OF CHANGES
<b>COUNTY (CNTY) - continued</b>		
<b>CNTY-7 – Payroll &amp; Employee Benefits</b> Pages: 1 to 39 Revision Date of 6/30/2006	<b>CNTY-7 – Payroll &amp; Employee Benefits</b> Pages: 1 to 40 Revision Date of 4/30/2008	Legislative Changes – pgs. 4, 5, 6, 10, 12, 15, 17, 32 & 34; Added Section re. joining or terminating participation in PERS – pg. 3; Expanded discussion related to Social Security and Medicare – pgs. 34 to 37
<b>CNTY-8 – Long-Term Debt</b> Pages: 1 to 31 Revision Date of 6/30/2006	<b>CNTY-8 – Long-Term Debt</b> Pages: 1 to 31 Revision Date of 4/30/2008	Legislative Changes – pgs. 21, 22, 23, & 31; Expanded discussion of Debt Limitations in Compliance Requirements #27 & #28
<b>CNTY-9 – Minutes of Meetings</b> Pages: 1 to 5 Revision Date of 6/30/2006	<b>CNTY-9 – Minutes of Meetings</b> Pages: 1 to 5 Revision Date of 4/30/2008	No Changes
<b>CNTY-10 – Property Taxes</b> Pages: 1 to 14 Revision Date of 6/30/2006	<b>CNTY-10 – Property Taxes</b> Pages: 1 to 14 Revision Date of 4/30/2008	Legislative Change – pg. 8; Moved Section – School Equalization Levies – to CNTY-3
<b>CNTY-11 – RSID's</b> Pages: 1 to 18 Revision Date of 6/15/2004	<b>CNTY-11 – RSID's</b> Pages: 1 to 17 Revision Date of 4/30/2008	No Changes
<b>CNTY-12 – BID's</b> Pages: 1 to 3 Revision Date of 6/15/2004	<b>CNTY-12 – BID's</b> Pages: 1 to 3 Revision Date of 4/30/2008	Legislative Changes – pgs. 2 & 3
<b>CNTY-13 – Multijurisdictional Service Districts</b> Pages: 1 to 3 Revision Date of 6/15/2004	<b>CNTY-13 – Multijurisdictional Service Districts</b> Pages: 1 to 3 Revision Date of 4/30/2008	No Changes
<b>CNTY-14 - Offices/Boards</b> Pages: 1 to 49 Revision Date of 6/30/2006	<b>CNTY-14 – Offices/Boards</b> Pages: 1 to 46 Revision Date of 4/30/2008	Supreme Court ruling – pg. 33
<b>CNTY-15 – Tax Sales, Redemptions, Tax Deeds</b> Pages: 1 to 13 Revision Date of 6/15/2004	<b>CNTY-15 – Tax Sales, Redemptions, Tax Deeds</b> Pages: 1 to 13 Revision Date of 6/30/2008	Legislative Change – pg. 9; Added AGO's (not new) – pgs. 4, 8 & 12
<b>CNTY-16 –Collection for State &amp; Other Entities</b> Pages: 1 to 4 Revision Date of 6/30/2006	<b>CNTY-16 – Collection for State &amp; Other Entities</b> Pages: 1 to 2 Revision Date of 4/30/2008	Legislative Change – pg. 1; New contract reference – pg. 2; Removed compliance requirements that were duplicated at CNTY-3

PREVIOUS REVISION	CURRENT REVISION	DESCRIPTION OF CHANGES
<b>CITIES/TOWNS (C/T)</b>		
<b>C/T-1 - General Topics</b> Pages: 1 to 11 Revision Date of 6/30/2006	<b>C/T-1 - General Topics</b> Pages: 1 to 11 Revision Date of 4/30/2008	Expanded discussion re. General/Self-Governing Powers - pg 1; Added Section - Accounting Methods (not new) – pg 7; Legislative Change – pg. 11 – repeal of MCA 85-2-276 re. Water Adjudication Fee
<b>C/T-2 - Budgets</b> Pages: 1 to 35 Revision Date of 6/30/2006	<b>C/T-2 - Budgets</b> Pages: 1 to 32 Revision Date of 4/30/2008	Legislative Changes – pgs. 5, 7, 22 & 24; Moved Section – Cash Transfers - to C/T-4; Added FY2008 & FY2009 tax revenue/mill levy limitation worksheets
<b>C/T-3 – Revenues/ Receipts</b> Pages: 1 to 20 Revision Date of 6/15/2006	<b>C/T-3 – Revenues/ Receipts</b> Pages: 1 to 20 Revision Date of 4/30/2008	Legislative Changes – pgs. 4, 6, 8, 13, 15 & 19
<b>C/T-4 – Cash and Investments</b> Pages: 1 to 9 Revision Date of 6/30/2006	<b>C/T-4 – Cash and Investments</b> Pages: 1 to 8 Revision Date of 4/30/2008	No Changes
<b>C/T-5 – Claims &amp; Warrants</b> Pages: 1 to 6 Revision Date of 6/30/2006	<b>C/T-5 – Claims &amp; Warrants</b> Pages: 1 of 6 Revision Date of 4/30/2008	Legislative Change – pg. 6
<b>C/T-6 – Procurement, Bid Letting &amp; Contracts</b> Pages: 1 to 14 Revision Date of 6/30/2006	<b>C/T-6 – Procurement, Bid Letting &amp; Contracts</b> Pages: 1 to 14 Revision Date of 4/30/2008	Legislative Change – Pg. 4
<b>C/T-7 – Payroll &amp; Employee Benefits</b> Pages: 1 to 31 Revision Date of 6/30/2006	<b>C/T-7 – Payroll &amp; Employee Benefits</b> Pages: 1 to 34 Revision Date of 4/30/2008	Legislative Changes – Pgs. 4, 5, 6, 10, 12 & 25; Added Section re. joining or terminating participation in PERS – pg. 3; Expanded discussion related to Social Security and Medicare – pgs. 27 to 31
<b>C/T-8 - Long-Term Debt</b> Pages: 1 to 25 Revision Date of 6/30/2006	<b>C/T-8 - Long-Term Debt</b> Pages: 1 to 25 Revision Date of 4/30/2008	Legislative Changes – Pgs. 18, 19 & 24; Added Compliance Requirement #27 (not new) - page 20
<b>C/T-9 – Minutes of Meetings</b> Pages: 1 to 5 Revision Date of 6/30/2006	<b>C/T-9 – Minutes of Meetings</b> Pages: 1 to 5 Revision Date of 4/30/2008	No Changes

<b>PREVIOUS REVISION</b>	<b>CURRENT REVISION</b>	<b>DESCRIPTION OF CHANGES</b>
<b>CITIES/TOWNS (C/T) - continued</b>		
<b>C/T-10 – Property Taxes</b> Pages: 1 to 12 Revision Date of 6/30/2006	<b>C/T-10 – Property Taxes</b> Pages: 1 to 11 Revision Date of 4/30/2008	No Changes
<b>C/T-11 – SID's</b> Pages: 1 to 27 Revision Date of 6/30/2006	<b>C/T-1 – SID's</b> Pages: 1 to 30 Revision Date of 4/30/2008	Legislative Changes – pgs. 2 & 22; Added Section – Bidding – Compliance Requirements #27 – 29 (not new) – pgs 18 & 19; Generally rearranged to be in more logical order
<b>C/T-12 – BID's</b> Pages: 1 to 3 Revision Date of 6/15/2004	<b>C/T-12 – BID's</b> Pages: 1 to 3 Revision Date of 4/30/2008	Legislative Changes – pgs. 2 & 3
<b>C/T-13 – Multijurisdictional Service Districts</b> Pages: 1 to 3 Revision Date of 6/15/2004	<b>C/T-13 – Multijurisdictional Service Districts</b> Pages: 1 to 3 Revision Date of 4/30/2008	No changes
<b>C/T-14 – Offices/Boards</b> Pages: 1 to 8 Revision Date of 6/30/2006	<b>C/T-14 – Offices/Boards</b> Pages: 1 to 12 Revision Date of 4/30/2008	Added Section – City/Town Officers (not new) – pgs. 1 – 3; Added Compliance Requirement #2 re. judges (not new) – pg. 9
<b>C/T-15 – Tax Sales, Redemptions &amp; Tax Deeds</b> Pages: 1 to 2 Revision Date of 6/15/2004	<b>C/T-15 Tax Sales, Redemptions &amp; Tax Deeds</b> Pages: 1 to 2 Revision Date of 4/30/2008	No changes
<b>SCHOOL DISTRICTS (SD)</b>		
<b>SD-1 - Budgets</b> Pages: 1 to 64 Revision Date of 6/30/2006	<b>SD-1 - Budgets</b> Pages: 1 to 60 Revision Date of 6/30/2008	Generally revised portions of this Supplement for clarity; Added information (not new) for emphasis– pgs 3, 4, 16, 20, 22, 27, 32, 41, 44, 45, 48, 49, 50, 52, 53, 56, 58 & 59; Legislative changes – pgs. 11, 15, 16, 18, 21, 23, 24, 25, 26, 29, 31, 59 & 60
<b>SD-2 – Revenues/Receipts</b> Pages: 1 Effective date of 6/30/2006	<b>SD-2 – Revenues/Receipts</b> Pages: 1 to 5 Effective date of 6/30/2008	Added Sections Nos. 3 through 12; New Legislation – pgs. 4 & 5
<b>SD-3 – Cash &amp; Investments</b> Pages: 1 to 15 Revision Date of 6/30/2006	<b>SD-3 – Cash &amp; Investments</b> Pages: 1 to 15 Revision Date of 6/30/2008	No Changes

PREVIOUS REVISION	CURRENT REVISION	DESCRIPTION OF CHANGES
<b>SCHOOL DISTRICTS (SD) - continued</b>		
<b>SD-4 - Expenditures</b> Pages: 1 to 17 Revision Date of 6/30/2006	<b>SD-4 - Expenditures</b> Pages: 1 to 19 Revision Date of 6/30/2008	Added Section – Expenditure Coding (not new) – pg.7; Added Section – Cost Allocations Between Funds/Districts (not new) – pg. 8; Legislative Changes –pgs. 9 & 10; Added Section – Indirect Cost Rates (not new) – pg. 16
<b>SD-5 – Payroll &amp; Employee Benefits</b> Pages: 1 to 26 Revision Date of 6/30/2006	<b>SD-5 – Payroll &amp; Employee Benefits</b> Pages: 1 to 30 Revision Date of 6/30/2008	Legislative Changes – pgs. 3, 4, 5, 8, 11 & 17; Added Section – Compensated Absences Liability Fund Transfer (not new) – pg. 11; Added Section – Self-Funded Health Benefit Plan – pg. 17; Expanded discussion related to Social Security and Medicare – pgs. 23 - 27
<b>SD-6 – Long-Term Debt</b> Pages: 1 to 18 Revision Date of 6/30/2006	<b>SD-6 – Long-Term Debt</b> Pages: 1 to 20 Revision Date of 6/30/2008	Added Section – QZAB (not new) – pg. 18
<b>SD-7 – Minutes of Meetings</b> Pages: 1 to 4 Revision date of 6/30/2006	<b>SD-7 – Minutes of Meetings</b> Pages: 1 to 4 Revision date of 6/30/2008	No Changes
<b>SD-8 - Miscellaneous</b> Pages: 1 to 7 Revision Date of 6/30/2006	<b>SD-8 - Miscellaneous</b> Pages: 1 to 6 Revision Date of 6/30/2008	Moved First 4 Sections (Housing, Rent/Lease, Sale of Property, and Student Fees) to SD-2; Added Section – School Fundraisers (not new) – pg. 5
<b>SD-9 – Extracurricular Funds</b> Pages: 1 to 18 Revision Date of 6/15/2004	<b>SD-9 – Extracurricular Funds</b> Pages: 1 to 18 Revision Date of 6/30/2008	No Changes
<b>STATE AGENCIES – INDIVIDUAL PROGRAMS</b>		
<b>ADM-1 – 9-1-1-Emergency Number</b> Pages: 1 to 3 Revision Date of 6/30/2006	<b>ADM-1 – Forest Reserve</b> Pages: 1 to 8 Revision Date of 4/30/2008	Removed 9-1-1 State Program from Supplement - the funding State agency closely monitors allocations to local governments; Moved Forest Reserve from AUD-2 to reflect Legislative change in administration of program; Change in Contact Individual; Revised discussion of Program Procedures – pgs. 1 & 2

PREVIOUS REVISION	CURRENT REVISION	DESCRIPTION OF CHANGES
<b>STATE AGENCIES – INDIVIDUAL PROGRAMS - continued</b>		
<b>AGR-1 – Noxious Weed Management Grants</b> Pages: 1 to 3 Revision Date of 6/30/2006	<b>AGR-1 – Noxious Weed Management Grants</b> Pages: 1 to 2 Revision Date of 4/30/2008	No Changes
<b>AUD-1 – Insurance Premium Tax Apportionment</b> Pages: 1 to 4 Revision Date of 6/30/2006	<b>AUD-1 – Insurance Premium Tax Apportionment</b> Pages: 1 to 4 Revision Date of 4/30/2008	Change in Contact Individual
<b>AUD-2 – Forest Reserve</b> Pages: 1 to 8 Revision Date of 6/15/2004	None	Moved Forest Reserve to ADM-1 to reflect Legislative change in administration of program
<b>COM-3 – Hard Rock Mining Impact Trust Account</b> Pages: 1 to 3 Revision Date of 6/30/2006	<b>COM-3 – Hard Rock Mining Impact Trust Account</b> Pages: 1 to 3 Revision Date of 4/30/2008	Change in Contact Individual
<b>COM-4 – HOME Program</b> Pages: 1 to 5 Revision Date of 6/30/2006	<b>COM-4 – HOME Program</b> Pages: 1 to 5 Revision Date of 4/30/2008	Change in Contact Individual
<b>COM-5 - CDBG</b> Pages: 1 to 14 Revision Date of 6/30/2006	<b>COM-5 - CDBG</b> Pages: 1 to 14 Revision Date of 4/30/2008	Program change – pg. 3
<b>COM-6 - TSEP</b> Pages: 1 to 9 Revision Date of 6/30/2006	<b>COM-6 - TSEP</b> Pages: 1 to 9 Revision Date of 4/30/2008	Program changes – pgs. 3 & 4
<b>L&amp;I-1 – Building Code Enforcement Program</b> Pages: 1 to 10 Revision Date of 6/30/2006	<b>L&amp;I-1 – Building Code Enforcement Program</b> Pages: 1 to 10 Revision Date of 4/30/2008	Generally Revised the Entire Section to clarify requirements for agreed-upon procedures engagements; Emphasizing the <b><u>Mandatory</u></b> format of the agreed-upon procedures engagement report – pg. 2; A.R.M. changes – pgs. 3 & 6
<b>REV-1 – Oil &amp; Natural Gas Production Tax Distribution</b> Pages: 1 to 4 Revision Date of 6/30/2006	<b>REV-1 – Oil &amp; Natural Gas Production Tax Distribution</b> Pages: 1 to 4 Revision Date of 4/30/2008	Added Contact Individuals
<b>REV-7 – Metalliferous Mines License Tax</b> Pages: 1 to 8 Revision Date of 6/30/2006	<b>REV-7 – Metalliferous Mines License Tax</b> Pages: 1 to 7 Revision Date of 4/30/2008	Change in Contact Individual; Generally rearranged to be in more logical order

<b>PREVIOUS REVISION</b>	<b>CURRENT REVISION</b>	<b>DESCRIPTION OF CHANGES</b>
<b>STATE AGENCIES – INDIVIDUAL PROGRAMS - continued</b>		
<b>TRAN-1 – Gas Tax Apportionment</b> Pages: 1 to 3 Revision Date of 6/30/2006	<b>TRAN-1 – Gas Tax Apportionment</b> Pages: 1 to 3 Revision Date of 4/30/2008	Legislative Change – pg. 2
<b>INDEX</b>		
<b>Index</b> Pages: 1 to 3 Revision Date of 6/30/2006	<b>Index</b> Pages: 1 to 3 Revision Date of 6/30/2008	Updated for Revisions.
<b>Index - County Audits</b> Pages: 1 Revision Date of 6/30/2006	<b>Index - County Audits</b> Pages: 1 Revision Date of 6/30/2008	Updated for Revisions.
<b>Index – City/Town Audits</b> Pages: 1 Revision Date of 6/30/2006	<b>Index – City/Town Audits</b> Pages: 1 Revision Date of 6/30/2008	Updated for Revisions.
<b>Index - School District Audits</b> Pages: 1 Revision Date of 6/30/2006	<b>Index - School District Audits</b> Pages: 1 Revision Date of 6/30/2008	Updated for Revisions.